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For questions or comments, please contact Rasheda Parks (Rasheda.Parks@samhsa.hhs.gov).

Around the States: State and Local Behavioral Health Financing News

Alaska

- **Update: DBH Reopens Specialized Treatment Unit:** Citing improved program standards and staffing requirements, the **Alaska Division of Behavioral Health** has reopened the Salvation Army Clitheroe Center's Specialized Treatment Unit. The unit offers six detoxification beds and four specialized substance abuse treatment beds. DBH originally closed the unit on May 24 over health and safety concerns ([AP via NECN, 10/23](#)).

California

- **Update: Groups File Suit Against the State Over Mental Health Funding Veto:** On October 22, **Public Counsel, Disability Rights California, Mental Health Advocacy Services, and Gibson, Dunn & Crutcher** filed suit against the state over mental health cuts instituted when the governor signed the state's \$87.5 billion FY2011 budget. Governor Schwarzenegger used a line-item veto to eliminate \$133 million originally budgeted to provide mental health services for special education students. County mental health departments previously used the state funding to administer the program, which offered crisis counseling, case management, medication management, and residential placement. The plaintiffs allege that the cuts violate the **Individuals with Disabilities Education Act** and the **Americans with Disabilities Act**, and affect over 20,000 special education students. The plaintiffs are seeking a temporary restraining order to delay the cut while the case is heard. **Governor Arnold Schwarzenegger (R)**, the **California Departments of Education and Mental Health**, the **Los Angeles Unified School District**, and the **Los Angeles County Office on Education** are the defendants in the case ([San Jose Mercury News, 10/23](#)).
- **Riverside County Receives \$200,000 State Grant for Jail RSAT Program:** On October 19, the Riverside County Board of Supervisors approved a measure authorizing the use of a \$200,000 **California Emergency Management Agency** grant for a residential substance abuse treatment (RSAT) program at the county jail in Banning. The county will match the grant with a 25 percent, or \$66,667, contribution toward the program. Designed to reduce recidivism through behavioral health treatment, the grant will fund salaries and benefits for three behavioral health specialists ([Southwest Riverside News Network, 10/19](#)).

Connecticut

- **Diageo Awards SHU \$5,000 for Alcohol Screening and Intervention:** The alcoholic beverage company **Diageo** has awarded **Sacred Heart University (SHU)** \$5,000 to support the ongoing implementation of the university's Brief Alcohol Screening Intervention for College Students (BASICS) program. BASICS screens students for problematic or potentially problematic drinking habits, offering brief interventions including motivational enhancement programming in individual and group settings. The grant will fund the continuation of the program through the first half of 2011 ([Diageo via PR Newswire, 10/21](#)).
- **HHS Asks Insurance Commissioner to Defend Health Insurance Rate Increases:** On October 18, **U.S. Department of Health and Human Services (HHS) Director of Consumer Information Jay Angoff** sent a

letter to **Connecticut Insurance Commissioner Thomas Sullivan**, requesting that the commissioner reconsider his recent approval of **Anthem Blue Cross Blue Shield's** individual market premium rate increases, some of which exceed 40 percent. Director Angoff is requesting that Commissioner Sullivan hold public hearings on the increases, test and validate the underlying assumptions used to defend them, and make all data public. Approved in September, the increases affect only new customers in the individual market. Anthem says the increases are necessary because of increased costs associated with the consumer protection measures within the national health care reform law ([The Hartford Courant, 10/18](#); [Kaiser Health News, 10/19](#)).

Georgia

- **Update: DOJ and Georgia Settle Suit Over ADA and Olmstead Violations at State Psychiatric Hospitals:** On October 19, the **U.S. Department of Justice (DOJ)** and the state of Georgia entered into a settlement agreement resolving a suit over the treatment of individuals with developmental disabilities and mental illnesses in the state's psychiatric hospitals. DOJ alleged that the state violated the **Americans with Disabilities Act (ADA)** and the **U.S. Supreme Court's *Olmstead v. L.C.*** ruling by unnecessarily institutionalizing individuals with developmental disabilities and mental illnesses. DOJ began investigating Georgia's mental health system in 2007, filing suit against the state in 2009 when the agency found that the system's inadequacies violated patients' civil rights. In January 2009, the state reached an agreement with DOJ to improve the system; however, a year later, DOJ requested that the court void the agreement because of the "alarming frequency" of suicides, assaults, and preventable deaths still occurring under Georgia's system. Under the new agreement, the state will cease admitting individuals with developmental disabilities to state psychiatric hospitals by July 2011, move all individuals with developmental disabilities to community-based care by July 2015, and provide community-based services to approximately 9,000 individuals with mental illnesses. The state must also establish community support and crisis intervention teams to help individuals with developmental disabilities and mental illnesses avoid hospitalization. To implement the improvements stipulated under the agreement, Georgia will set aside \$15 million in the current fiscal year and \$62 million in the next fiscal year ([Kaiser Health News, 10/21](#); [DOJ, 10/19](#)).

Hawaii

- **HMSA Requests Large Group Market Rate Increases Averaging 14.8 Percent:** The **Hawaii Medical Service Association (HMSA)**, the state's largest insurer, is requesting large group market premium rate increases averaging 14.8 percent. HMSA officials cite rising medical costs, particularly in hospitals, as the primary reason for raising rates. The request now goes before the **Hawaii Insurance Division** for final approval ([Honolulu Star Advertiser, 10/24](#)).

Kentucky

- **CHFS Awards Ingenix a Medicaid Fraud and Waste Recovery Contract:** In an effort to save an estimated \$27 million annually, the **Kentucky Cabinet for Health and Family Services (CHFS)** awarded **Ingenix Inc.** a three-year contract to identify and recover fraudulent and wasteful spending in the state's Medicaid program. Ingenix will data mine claims information and conduct audits and pre-payment reviews to

identify and recover misspent Medicaid funds. Under the contract, Ingenix will receive 12.5 percent of all funds that it recovers ([The Courier-Journal, 10/20](#); [Kaiser Health News, 10/21](#)).

Louisiana

- **Governor Outlines Mid-Year Budget Cuts, DHH and Medicaid Affected:** On October 22, **Governor Bobby Jindal** (R) used an executive order to cut \$107 million from the current year budget to reduce the state's deficit. The cuts include \$20.8 million from the **Louisiana Department of Health and Hospitals** (DHH). In addition to those cuts, DHH is reducing Medicaid reimbursements by 2 to 5.8 percent, ending a program offering physicians additional monthly payments for coordinating patient care, and limiting adult Medicaid beneficiaries to four monthly prescriptions. DHH officials say the Medicaid cuts are necessitated by higher-than-anticipated spending and enrollment ([The Advocate, 10/23](#); [The Times-Picayune, 10/22](#); [AP via Business Week, 10/22](#); [Kaiser Health News, 10/25](#)).
- **DHH Delays Implementation of Care Coordination Program for Medicaid Beneficiaries:** Citing concerns from numerous stakeholders, **DHH** officials announced on October 20 that they will delay the implementation of a plan to use coordinated care to reduce Medicaid costs. State officials say the program would coordinate care for approximately 800,000 Medicaid beneficiaries, providing them with health coverage through private insurers and offering financial incentives for preventive and primary care. **Governor Bobby Jindal's** (R) administration originally planned to begin implementing the program in April; however, state officials now say they do not know when they will begin implementation ([The Advocate, 10/21](#); [AP via KLFY, 10/25](#)).

Maryland

- **HIE Begins Operations:** During the week ending October 15, a health information exchange (HIE) began operation in Maryland. Managed by the non-profit Chesapeake Regional Information System for Our Patients (CRISP) and established using a combination of state and federal grants, the exchange will include hospitals, physicians, laboratories, and radiology centers. CRISP officials say that the HIE is not a database but a secure mechanism for sharing current health information to improve care. According to CRISP officials, 48 hospitals have already expressed intent to participate in the exchange ([The Washington Post, 10/18](#); [Kaiser Health News, 10/19](#)).

Michigan

- **DOJ Files Suit Against BCBS of Michigan Over Anticompetitive Practices:** The **U.S. Department of Justice** (DOJ) has filed suit against **Blue Cross and Blue Shield of Michigan** (BCBS), alleging that the insurer's reimbursement contracts contain anticompetitive clauses that raise the prices charged to their rivals. DOJ officials allege that the insurer's contracts contain anticompetitive "most-favored-nation" clauses, which dictate that BCBS pay less than other insurers for the same services. **Michigan Attorney General Mike Cox** (R) joined DOJ's suit, adding that he believes the case will go before a judge by early November ([WJRT, 10/19](#); [Modern Healthcare, 10/25](#); [Kaiser Health News, 10/25](#)).

New Mexico

- **Nursing Home to Offer Mental Health Treatment:** Construction is underway on a \$45 million 180-bed nursing home offering mental health services at the **New Mexico Behavioral Health Institute**, a state psychiatric hospital. State officials say the first phase of construction will be completed by December 2011, cost \$14.5 million, and include 36 beds. Though the facility will serve individuals whose primary need is general medical services, many residents will also require mental health services ([Governor Bill Richardson via Gov Monitor, 10/20](#)).

New York

- **Insurance Department Approves Reduced Premium Rate Increases for Eight Insurers:** On October 21, the **New York State Insurance Department** approved health insurance premium rate increases for eight insurers. The rates are the first to be subject to the state's new "prior approval" law, which requires insurers to submit proposed rate increases for approval, denial, or modification. State officials say the insurance department reduced some rates by as much as 16 percent. The state approved rates for: **Capital District Physicians Health Plan, Empire BlueCross and BlueShield, Excellus Health Plan, Group Health Inc., HIP Health Plan of New York, Independent Health Association Inc., Oxford Health Plans, and United Healthcare** ([The Buffalo News, 10/21](#)).

North Carolina

- **Presbyterian Hospital Seeks State Approval of Behavioral Health Expansion:** Citing a shortage of behavioral health inpatient beds in the Charlotte area, Presbyterian Hospital has applied to expand its inpatient behavioral health capacity by 15 slots, to a total of 75 beds. Hospital officials anticipate a decision on the application in January ([Behavioral Health Central, 10/20](#)).

North Dakota

- **State Audit Finds DHS Does Not Adequately Pursue Potential Medicaid Fraud:** On October 21, state officials presented a **North Dakota Office of the State Auditor (OSA)** [audit](#) before the **North Dakota Legislative Oversight Committee** examining the state's Medicaid fraud investigation efforts. The OSA audit found that the **North Dakota Department of Human Services (DHS)** does not adequately pursue potential Medicaid fraud and criticized North Dakota for being the only state to opt out of a federal program offering funding for an independent Medicaid fraud detection unit. In 1994, North Dakota obtained a waiver not to participate in the program, citing minimal fraud in the state's Medicaid program. The OSA audit offers suggestions for improving fraud detection in Medicaid and proposes that North Dakota apply to the program to obtain federal funding for an independent Medicaid fraud unit ([The Bismarck Tribune, 10/21](#); [AP via Grand Forks Herald, 10/21](#)).

Pennsylvania

- **Westmoreland County Opens Juvenile Center with Behavioral Health Unit:** On October 20, Westmoreland County opened a \$4.2 million 8-bed juvenile center to house runaway and truant juveniles. The center includes a behavioral health unit, which will serve juveniles from the center and a neighboring 12-bed juvenile detention facility. The behavioral health unit will offer both evaluation and treatment of behavioral health disorders ([Pittsburgh Tribune-Review, 10/21](#)).

South Carolina

- **DMH Begins Mobile Mental Health Clinic:** On October 25, the **South Carolina Department of Mental Health** (DMH) began operating a mobile mental health unit, the Highway to Hope. Funded through a three-year **Duke Endowment** grant of more than \$600,000, the unit will treat patients in areas that have closed their mental health clinics because of budget cuts. Citing the mobile clinic's focus on preventive care, DMH officials say the unit will prevent 15 inpatient hospitalizations and 25 emergency room visits annually ([The Post and Courier, 10/24](#)).

Tennessee

- **TennCare Receives Federal Approval for EHR Incentive Payment Administration Plan:** On October 20, state officials announced that Tennessee's Medicaid managed care program, TennCare, received federal approval for its plan to administer the state's electronic health record (EHR) incentive payments. The **American Recovery and Reinvestment Act's** (ARRA) **Health Information Technology for Economical and Clinical Health** (HITECH) **Act** authorizes Medicare and Medicaid incentive payments for doctors and hospitals that demonstrate "meaningful use" of EHRs. Financed largely with federal funds, TennCare's plan will use \$5.3 million to offset the cost of system development and administer the first round of payments. State officials say Tennessee is the second state to receive federal plan approval ([iHealthBeat, 10/22](#)).